

SETTLEMENT AGREEMENT AND RELEASE

Richard Allen Kono, individually and as the Executor of the Estate of Margaret S. Kono, Stephen Lee Kono, and Ramona "Mona" Kono Kishur, hereinafter "Plaintiffs", enter this contract and agreement in release and settlement of any and all claims against Damon K. Arrington (hereinafter "Arrington") and the North Carolina Department of Health and Human Services (hereinafter "DHHS"), and its present, former or future officers, employees, agents and servants, both individually and officially or otherwise, specifically including but not limited to the claims against Arrington in the Superior Court action filed in Robeson County North Carolina identified as 13 CVS 02409, Richard Allen Kono, individually and as the Executor of the Estate of Margaret S. Kono, Stephen Lee Kono, and Ramona "Mona" Kono Kishur v. Cumberland County Hospital System, Inc. Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Medical Center and Damon K. Arrington, and the Tort Claim filed against DHHS in the Industrial Commission, I.C. File TA24025, Richard Allen Kono, individually and as the Executor of the Estate of Margaret S. Kono v. N.C. Department of Health and Human Services. Nothing in this agreement is intended to resolve or extinguish claims which Plaintiffs have pending against Cumberland County Hospital System, Inc. Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Medical Center, which claims Plaintiffs will continue to pursue. This Settlement Agreement and Release is intended to only resolve those claims between Plaintiffs and Defendants Damon K. Arrington and DHHS (and its present, former or future officers, employees, agents and servants, both individually and officially or otherwise).

The Robeson County Superior Court case and the Tort Claim filed by Plaintiffs involve matters related to the alleged mishandling of the body of Larry Kono after his death on March 3, 2011. The body was brought to the Cape Fear Valley Hospital early on the morning of March 4, 2011. After death was pronounced in the ER the body was taken to the morgue in the hospital. On March 4, 2011, Damon Arrington, the Cumberland County Medical Examiner, examined the body in the Cape Fear Valley Hospital morgue. Plaintiffs allege that the body was mishandled in the morgue by being left unrefrigerated in the morgue from March 4 until March 6, 2011, allegedly leading to the decomposition of Larry Kono's body.

Plaintiffs filed an action in 13 CVS 02409 in Robeson County Superior Court against Arrington and the Cumberland County Hospital System, Inc. for alleged corpse mutilation, disfigurement, and mishandling of the corpse of Larry Kono; Intentional Infliction of Emotional Distress, Negligent Infliction of Emotional Distress, and punitive damages. Plaintiffs also filed a tort claim in the Industrial Commission against DHHS, citing the alleged negligent conduct of Arrington as an agent of DHHS and the Office of the Chief Medical Examiner (OCME). Based upon the foregoing stipulations, and in consideration of the compromise of any claims arising from the matters set out herein and the payment of the sums set out herein, Plaintiffs voluntarily and knowingly execute this Contract and Settlement Agreement and Release with the express intention of effecting the extinguishment of any and all rights, claims, demands or obligations which Plaintiffs have against Defendants Damon K. Arrington and DHHS (and its present, former or future officers, employees, agents and servants, both individually and officially or otherwise) on account of, connected with, growing out of or in any way arising out of the matters referred to herein. Nothing in this agreement is intended to resolve or extinguish claims which Plaintiffs have pending against Cumberland County Hospital System, Inc. Cumberland County

Hospital System, Inc. d/b/a Cape Fear Valley Medical Center, which claims Plaintiffs will continue to pursue. This Settlement Agreement and Release is intended to only resolve those claims between Plaintiffs and Defendants Damon K. Arrington and DHHS (and its present, former or future officers, employees, agents and servants, both individually and officially or otherwise).

NOW, THEREFORE, in consideration of the agreements contained herein, the parties contract and agree to the following terms:

1. The total amount of one hundred thousand dollars (\$100,000.00) will be paid by DHHS on behalf of DHHS and Arrington to Plaintiffs in complete settlement of the matters set out herein.

2. For the sole and only consideration of a total amount of one hundred thousand dollars (\$100,000.00), the undersigned Plaintiffs, for themselves and for their heirs, executors, administrators, successors and assigns, do RELEASE AND FOREVER DISCHARGE both Arrington, and DHHS and its present, former or future officers, employees, agents and servants, both officially and individually, and otherwise, of and from any and all, known or unknown, claims, demands, damages, actions, causes of action of whatever kind or nature, for the alleged mishandling and desecration of the body of Larry Kono, specifically including but not limited to for any alleged breach of duty, neglect, emotional distress, pain and suffering, violation of constitutional rights, financial losses, lost wages or income, recoupment of expenses, attorney fees, payments to third parties, punitive damages, and any and all other damages on account of or arising from the matters set out herein.

3. Plaintiffs acknowledge and agree that the release and discharge set forth herein is a general release of all claims on their behalf, as against Arrington, and DHHS and its present, former or future officers, employees, agents and servants, both officially and individually, and otherwise. Plaintiffs understand that this release is made as a compromise of a disputed claim to avoid expense and to terminate all controversy and/or claims for damages or injuries, subrogation and third-party or otherwise, of whatever nature, known or unknown, including future developments thereof, in any way growing out of or connected to the matters set out herein. Plaintiffs expressly waive and assume the risk of any and all claims for damages that exist as of this date on their behalf, including any claims that they do not know or suspect to exist, whether through ignorance, oversight, error, negligence or otherwise, and that, if known, would materially affect their decision to enter into this contract and settlement agreement and release. Plaintiffs further agree that they will accept payment of the sums specified herein as a complete compromise of all matters involving any issues of law and/or fact as they relate to claims on their behalf. Plaintiffs assume the risk that the facts and/or law may be other than they believe.

4. Plaintiffs acknowledge and agree that all bills of any kind or nature whatsoever incurred by the Plaintiffs as a result of the alleged damages that were sustained in said incident have been paid or will be paid out of these proceeds and the Plaintiffs agree to indemnify and hold harmless the parties released hereby from any claims by any person or entity seeking the recovery of unpaid bills on behalf of Plaintiffs. Plaintiffs acknowledge that no lien by any third party exists on the proceeds of this settlement and the Plaintiffs agree to indemnify and hold

harmless the parties being released from any claims by any person or entity seeking the recovery of or enforcement of such liens.

5. Plaintiffs further hereby agree to indemnify and hold harmless the released parties of and from any and all claims of any sort from any party claiming to be subrogated or to have any other type of legal or equitable claim to the proceeds or any part of the proceeds paid in exchange for this release. This indemnification extends to and includes indemnification from all costs and attorney fees that might be incurred as a result of such claims.

6. Plaintiffs understand and agree that the sums paid by DHHS are solely by way of compromise of any claims and are not, and are not to be construed as, an admission of wrongdoing or liability. Plaintiffs understand and specifically agree that this release and discharge is a complete bar to all claims or suits, for damages or injuries of any nature whatsoever resulting, or to result, from the matters set out herein, as against Arrington, and DHHS and its present, former or future officers, employees, agents and servants, both officially and individually, and otherwise. Nothing in this agreement is intended to resolve or extinguish claims which Plaintiffs have pending against Cumberland County Hospital System, Inc. Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Medical Center, which claims Plaintiffs will continue to pursue. This Settlement Agreement and Release is intended to only resolve those claims between Plaintiffs and Defendants Damon K. Arrington and DHHS (and its present, former or future officers, employees, agents and servants, both individually and officially or otherwise).

7. Mr. Arrington agrees to be available for testimony at trial in 13 CVS 02409, if the case proceeds to trial and will honor any legally valid subpoena for him to testify at trial. There is no agreement as to how Arrington will testify, only that he appear at trial. Plaintiffs agree that they will give him notice of the trial date once it is set, and provide at least two weeks notice before they expect him to testify.

8. The parties understand and agree that they have read and reviewed this instrument and that this instrument contains the entire agreement between the parties hereto, that the terms of this contract and settlement agreement and release are contractual and are not mere recitals and the sum paid under this agreement is all that DHHS and its present, former or future officers, agents, employees, servants and staff, officially or individually, or Arrington, officially or individually, will ever be required to pay and all that Plaintiffs will ever receive from DHHS or Arrington as to any claim of any nature whatsoever, known or unknown, arising out of the matters set out herein.

9. Plaintiffs, through their attorney, shall file a voluntary dismissal with prejudice of all claims against Arrington in the Superior Court action filed in Robeson County North Carolina identified as 13 CVS 02409, Richard Allen Kono, individually and as the Executor of the Estate of Margaret S. Kono, Stephen Lee Kono, and Ramona "Mona" Kono Kishur v. Cumberland County Hospital System, Inc. Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Medical Center and Damon K. Arrington within 10 days of receipt of settlement funds from DHHS and the clearance of those funds through Plaintiff attorney's trust account, and shall also

within 10 days of receipt of settlement funds from DHHS and the clearance of those funds through Plaintiff attorney's trust account file a voluntary dismissal with prejudice of the Tort Claim filed against DHHS in the Industrial Commission, I.C. File TA24025, Richard Allen Kono, individually and as the Executor of the Estate of Margaret S. Kono v. N.C. Department of Health and Human Services within.

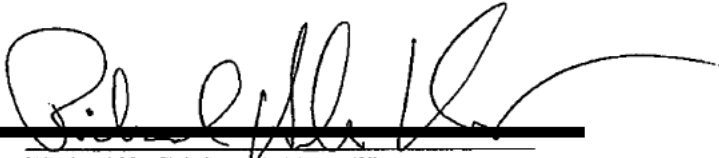
10. The parties understand and agree that the terms of this contract and settlement agreement and release are set out herein in their entirety and that no part of this contract and settlement agreement and release may be changed in any way unless the change is made in writing and signed by all parties.

11. If either party fails to abide by the terms of this agreement and release, the other party shall enjoy any applicable remedy at law to enforce the terms of this agreement.

12. This agreement and release becomes binding on the parties hereto only when signed by all named parties. The signature pages may be executed in separate copies and shall have the same effect as if signed at the same time.

In witness whereof, the parties hereto have executed this contract and settlement agreement and release on this the _____ day of October, 2015 and have set forth their signatures and seals with the intention of executing this document under seal.

IN WITNESS WHEREOF I, We, have hereunto set my, our, hand(s), this 29th day of October, 2015.

A handwritten signature in black ink, appearing to read 'Richard Allen Kono', is written over a solid black horizontal line.

**Plaintiff - Richard Allen Kono,
Individually and as Executor of the
Estate of Margaret S. Kono**

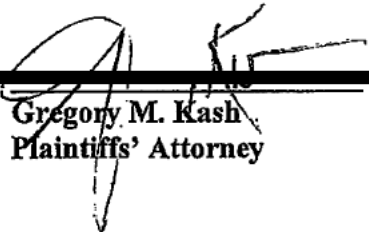


Plaintiff - Stephen Lee Kono

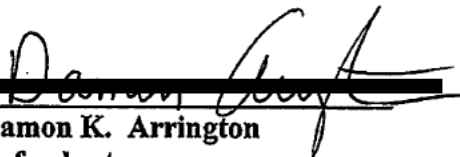
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Plaintiff - Ramona Kono Kishur

Approved as to form by:

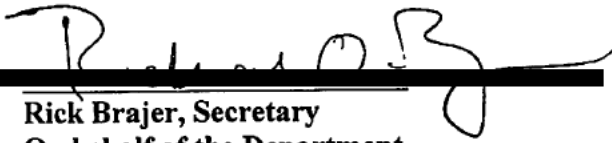


Gregory M. Kash
Plaintiffs' Attorney



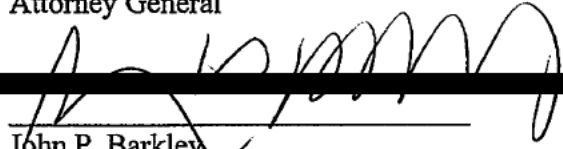
Damon K. Arrington
Defendant

908PB

A handwritten signature in black ink, appearing to read "Rick Brajer", is written over a thick horizontal black line.

**Rick Brajer, Secretary
On behalf of the Department
of Health and Human Services**

Roy Cooper III
Attorney General

A handwritten signature in black ink, appearing to read "John P. Barkley", is written over a thick horizontal black line.

John P. Barkley
Assistant Attorney General
**Attorney for Defendants Damon K. Arrington and
Department of Health and Human Services**